

SO ORDERED: July 01, 2011.



A handwritten signature in black ink that reads "Basil H. Lorch III".

Basil H. Lorch III
United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
NEW ALBANY DIVISION

IN RE:)	Chapter 11
)	
EASTERN LIVESTOCK CO., LLC,)	Case No. 10-93904-BHL-11
)	
Debtor.)	Hon. Basil H. Lorch III

**FIRST ORDER REGARDING TRUSTEE'S
PURCHASE MONEY CLAIMS REPORT**

This matter came before the Court on the *Trustee's Purchase Money Claims Report, Motion To Transfer Funds And Notice Of Release Of Proceeds From Account ("Purchase Money Claims Report")* (docket #501) filed on May 23, 2011 by James A. Knauer, the chapter 11 trustee appointed in this case (the "Trustee"). Objections to the Purchase Money Claims Report (collectively, the "Objections") were filed by persons (collectively, the "Objectors") as listed below:

- a) Superior Livestock Auction, Inc.'s Objection To The Trustee's Purchase Money Claims Report, Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #512)

- b) Joplin Regional Stockyards' Joinder In The Objection To The Trustee's Purchase Money Claims Report, Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #515)
- c) David L. Rings, Phillip Taylor Reed, Glen Franklin and Northwest Alabama Livestock Yard's Joinder In The Objection To The Trustee's Purchase Money Claims Report, Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #517)
- d) Ron Reed's Joinder In The Objection To The Trustee's Purchase Money Claims Report, Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #518)
- e) The First Bank and Trust Company's Objection To Trustee's Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #519)
- f) People's Bank's Response And Objection To Trustee's Money Claims Report, Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #536)
- g) Bluegrass Stockyards, LLC, Bluegrass Stockyards East, LLC, Bluegrass Stockyards of Campbellsville, LLC, Bluegrass Stockyards of Richmond, LLC, Bluegrass South Livestock Market, LLC, Bluegrass-Maysville Stockyards, LLC, East Tennessee Livestock Center, Inc., Piedmont Livestock, Inc., and Southeast Livestock Exchange, LLC's Objection To The Trustee's Purchase Money Claims Report, Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #539)
- h) Superior Livestock Auction, Inc.'s Supplemental Objection To The Trustee's Purchase Money Claims Report, Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #541)
- i) Supplemental Objection Of Joplin Regional Stockyards To The Trustee's Purchase Money Claims Report, Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #542)
- j) Objection To Eastern Trustee's Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #543)
- k) Response And Objection Of Brent Kuehny d/b/a Dollar K Cattle Co., And The Bank Of Kremlin To The Trustee's Purchase Money Claims

Report, Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #544)

- l) Response And Objection Of Stockman Oklahoma Livestock Marketing, Inc. To The Trustee's Purchase Money Claims Report, Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #545)
- m) Response And Objection Of Crumpler Bros. To The Trustee's Purchase Money Claims Report, Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #546)
- n) CPC Livestock's Joinder In The Objection To The Trustee's Purchase Money Claims Report, Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #547)
- o) Coffeyville Livestock Market, LLC's Objection To Trustee's Purchase Money Claims Report, Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #548)
- p) Northwest Alabama Livestock Auction, Glen Franklin, Phillip Taylor Reed, David L. Rings, Gary S. Bell and Ron P. Reed's Supplemental Objection To The Trustee's Purchase Money Claims Report, Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #549)
- q) Russell DeCordova d/b/a DeCordova Cattle Company's Response In Opposition To Trustee's Purchase Money Claims Report, Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #552)
- r) Joplin Regional Stockyards and Superior Livestock Auction, Inc.'s Further Supplemental Objection To The Trustee's Purchase Money Claims Report, Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #553)
- s) [The First Bank and Trust Company] Supplemental Objection To Trustee's Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #554)
- t) Rex Elmore's Objection To Trustee's Purchase Money Claims Report, Motion To Transfer Funds And Notice Of Release Of Proceeds From Account (docket #555)

- u) Hilliard–McKetrick Investments, Inc. d/b/a Arcadia Stockyard; Cattlemen’s Livestock Market, Inc.; Columbia Livestock Market, Inc.; Hardee Livestock Market, Inc.; North Florida Livestock Market, Inc.; Ocala Livestock Market, Inc.; Okeechobee Livestock Market, Inc.; Sumter County Farmers Market, Inc.; and Madison County Livestock Market, Inc. d/b/a Townsend Livestock Market; Ron Sizemore Trucking, Inc.; Oak Lake Cattle Co.; Eagle Bay, Inc.; and Daniel M. Byrd's Objection And Joinder In Objection To The Trustee’s Purchase Money Claims Report, Motion For Release Of Fund And Notice Of Release Of Proceeds From Account (docket #556).

The Trustee filed his Reply To Objections To Purchase Money Claims Report (docket #564) on June 23, 2011 ("Reply"). The Declaration of Patrick O'Malley in Support of Motion to Transfer Funds and Notice of Release of Proceeds from Account (docket #566) was filed on June 24, 2011 ("Report Supplement").

A first hearing was conducted on June 24, 2011 on the Purchase Money Claims Report, the Objections, the Reply, and the Report Supplement (the "Hearing"). The Court having considered all of the pleadings and other papers filed regarding this matter, and the arguments and representations of counsel at the Hearing, and being duly advised in the premises, now ORDERS the following:

1. On July 12, 2011, except as ordered herein, the Trustee is authorized to transfer from his escrow account to his general operating account only the Cattle Sales Proceeds (totaling \$1,603,287.69) described in the Report Supplement (and Exhibit 1 thereto) as representing "cash remittances from customers where the underlying producer/supplier have been paid by [Debtor]" (the "Transfer Funds") for use in accordance with applicable law and orders of this Court. Any Objector wishing to file an objection to the proposed transfer of any of the Transfer Funds to the Trustee's general operating account, must file and serve on or before July 11, 2011, an objection, clearly labeled "Objection of [name of objector] to Transfer of

Transfer Funds," describing with specificity the specific portion(s) of the Transfer Funds to which the objection pertains and stating all relevant facts and legal argument supporting the objection. Any portion of the Transfer Funds to which a proper and timely objection is made shall not be transferred by the Trustee to his general operating account pursuant to this Order. Instead, the objection and response, if any, shall be heard at the next omnibus hearing now scheduled for July 27, 2011. The Debtor shall provide available, additional identifying information to the Objectors on the transactions underlying the Transfer Funds on or before July 6, 2011. Any relief described in this paragraph with regard to the Transfer Funds pertains solely to the Transfer Funds, and shall not be viewed as a waiver by any party, as an implicit or explicit determination by the Court, as *res judicata*, claim or issue preclusion, law of the case, or any other implicit or explicit determination, presumption or inference with regard to any issues raised by the Purchase Money Claims Report and the Objections thereto regarding Cattle Sales Proceeds (other than with respect to the Transfer Funds), all of which issues are expressly reserved for further consideration by the Court and ruling as provided herein.

2. On or before July 8, 2011, the Trustee shall amend and file a replacement "Exhibit A" to the Purchase Money Claims Report to include the following information for each transaction giving rise to Cattle Sales Proceeds (other than with respect to the Transfer Funds) to the extent such information is available to the Trustee: the identity of the seller of the cattle to the Debtor, and other material information such as the date of sale, the number, type, and weight of the cattle sold. The amended "Exhibit A" shall be served on the Objectors.

3. Any Objector may supplement its Objection (regarding Cattle Sale Proceeds other than the Transfer Funds) by filing on or before August 1, 2011, a supplemental

objection ("Supplemental Objection") asserting, to the extent such information is available to the Objector, which specific Cattle Sales Proceeds described on amended "Exhibit A" are subjects of the objection, relevant facts giving rise to the objection, and the legal argument supporting the objection, and/or a Response to the Reply ("Reply Response"). However, failure to file a Supplemental Objection or Reply Response shall not be construed as a waiver of any ground for objection previously raised by Objectors, all of which are reserved for further consideration and ruling by the Court as provided herein. This August 1, 2011 deadline to file a Supplemental Objection and/or Reply Response applies also to any party given additional time to file a claim in this Chapter 11 Case.

4. Counsel for the Trustee and counsel for each of Joplin Regional Stockyards, Stockman Oklahoma Livestock Marketing, Inc., Piedmont Livestock, Inc., and the creditors listed in Docket No. 556, shall file proposed scheduling orders on or before July 8, 2011 for proposed proceedings to resolve the objections raised by those Objectors.

5. A further hearing on the Purchase Money Claims Report, Objections, the Reply, and the Supplemental Objections, and Reply Responses, if any, shall be held on the date of the omnibus hearing to be held in this Chapter 11 Case in August 2011.

6. The Court makes no finding as to any Objector's claim to cattle sales proceeds which are the subject of any interpleader action currently before or being transferred into this Court. Nothing in this Order shall be construed to prejudice the claim(s) of any party to any cattle sales proceeds at issue in the interpleader actions.

7. Except as specifically set forth herein, the matters addressed in this Order are continued to a status conference at the omnibus hearing on July 27, 2011.

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